

By Jean Coultas-Statler

The Reagan administration promises to tackle the strategic minerals problem which many analysts say threatens the United States' economy and security much the same as dependence on foreign oil.

Secretary of Interior James Watt, who will play a key role in the development of a national minerals policy, has testified many times before House and Senate committees pledging the administration "to putting the U.S. minerals house in order."

## Production Declines

Over the years, the controversy has centered on the problem of a potential non-fuel minerals shortage because of a decrease in domestic minerals production and exploration. This decline is attributable to excessive pricing and tariffs, limited access to public lands and burdensome regulations say mining-industry representatives. It also has caused the United States to import over 50 percent of more than 20 minerals essential to the nation's economic well-being and security.

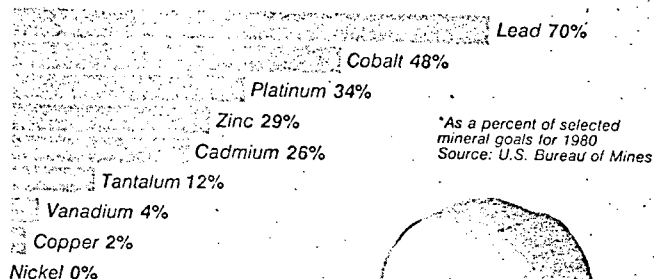
Despite this vulnerability, past administrations—beginning with President Truman in 1948—have studied the problem, but none have taken steps to solve it.

Watt thinks this administration will be different. He said the White House is planning to "foster and encourage" America's minerals industry through implementing the National Materials and Minerals Policy, Research and Development Act of 1980.

The act mandates a federal responsibility to review and return balance to regulations, to encourage private initiative and to increase productivity in the minerals industry.

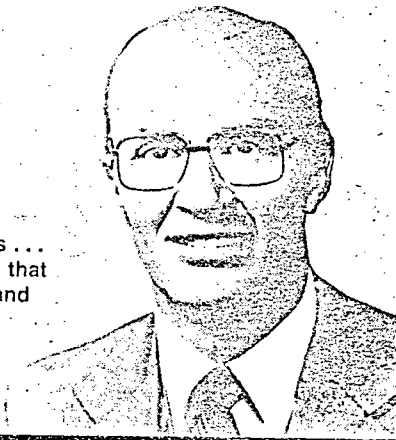
Watt testified that the 1980 act was "adopted into law out of pure congressional frustration with the failure of the executive branch to enforce the Mining and Minerals Policy Act of 1970." He added that America has lacked, in the past, a

## Strategic Material Stockpile\*



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James Watt  
Secretary of the Interior



minerals advocate and a means of ensuring that minerals policy receives a fair hearing.

"A national strategic minerals policy involves not simply the establishment of emergency government action in the face of a non-fuel minerals crisis, but also the adoption of policies that protect American

jobs and investments, improve our balance of trade, revitalize the nation's economy and provide for the security of foreign mineral imports," Watt testified.

In developing a national minerals policy, the interior secretary outlined some of his chief interests and concerns:

- Meeting the challenge of inflation

through the president's tax program, which will improve the mining industry's financial strength.

- Coordinating federal land-use decisions with national strategic and economic goals.

- Permitting exploration for and development of minerals within the wilderness system.

- Increasing emphasis on recovery of strategic and critical minerals by the Bureau of Mines.

- Reviewing the sufficiency of the nation's strategic stockpile in the face of geopolitical realities.

Although the strategic stockpile issue is one aspect of a broader national minerals policy, legislation has been introduced by Sen. James McClure (R-Idaho) yearly since 1977 to establish a policy for a formula which would set meaningful and realistic stockpile goals. Many proponents of this concept—including the American Mining Congress which represents the mining industry—say a reserve of essential materials for any military or national emergency is key to this nation's economic and political stability.

## Ever-Changing Objectives

The problem over the years has centered on ever-changing stockpile goal objectives, McClure said. The U.S. was required by Congress to buy large quantities of strategic minerals through the Stockpile Act of 1946. The reserve was built up only to be sold periodically beginning in the '60s by President Kennedy, who said that too much money was tied up in them.

"In the last twenty years, stockpile activity has consisted almost entirely of liquidation of these perceived surpluses. A series of reductions in stockpile goals culminated in 1973 with a drastic downward revision in almost all objectives," said Simon Strauss, chairman of the American Mining Congress.

## Survey Results

Here are some of the key questions asked and answers received in the Opinion Research Corp.'s survey of the American public's attitude toward President Reagan's economic program:

If your tax rates were reduced by 30 percent over three years, would you spend all of the money, or would you save some of it or use it to repay debt?

1. Save some/Use some to pay debt ..... 82%
2. Spend it all ..... 15%
3. Don't Know/No Response ..... 3%

President Reagan has proposed to allow businesses to deduct the costs of expanded or modernized plants and equipment more rapidly for tax purposes. Do you favor or oppose this part of President Reagan's economic program?

1. Favor ..... 63%
2. Oppose ..... 26%
3. Don't Know/No Response ..... 11%

President Reagan has proposed a reduction in personal income-tax rates of 30 percent over three years. Critics of this plan say that such a reduction will add to inflation because Americans will spend the extra money rather than saving it. Supporters say this income-tax rate cut will reduce inflation because people will have more after-tax income and this will encourage them to save

and invest more, thus causing the whole economy to grow. Which do you think is more likely, that the reduction in personal income-tax rates will add to inflation or that it will reduce inflation?

1. Tax-rate reductions will add to inflation ..... 31%
2. Tax-rate reductions will reduce inflation ..... 57%
3. No effect on inflation ..... 4%
4. Don't Know/No Response ..... 8%

In your opinion, what would be the effect of the president's economic program on the country as a whole—would the president's program make things better, make things worse or would they remain about the same?

1. Make better ..... 48%
2. Make Worse ..... 16%
3. Remain about the same ..... 21%
4. Don't Know/No Response ..... 15%

President Reagan has proposed a 1982 budget that is \$50 billion lower than the budget planned by President Carter for 1982. Even so, the 1982 budget actually will be about \$40 billion higher than the current budget. In light of this, do you believe President Reagan is cutting too much, too little or about the right amount?

1. Too much ..... 30%
2. Too little ..... 13%
3. About the right amount ..... 47%
4. Don't Know/No Response ..... 10%

## Congress Scrutinizes Federal Role In Health-Maintenance Programs

The federal role in health care is receiving closer scrutiny from Congress in the wake of President Reagan's call for a sharp reduction in that role.

Those proposals include termination of federal subsidies for Health Maintenance Organizations and phasing out of Professional Standards Review Organizations.

Health Maintenance Organizations provide prepaid medical care to individuals registered with them. The HMOs were developed as an alternative to the traditional system of medical practice based on a fee for each service performed. The federal government offers subsidies to encourage formation of HMOs.

The PSROs have the responsibility of reviewing the quality and appropriateness of health-care services provided under designated federal programs.

In recent testimony to the House Public Health Subcommittee, the U.S. Chamber of Commerce expressed support of the presidential recommendation to terminate the federal HMO program.

Jan Peter Ozga, associate director for health care on the Chamber staff, said that federal help to HMOs included a federal law requiring business to offer such health coverage as options to employees, and other government assistance.

"After nearly a decade, this experiment has generally been successful and worthy of emulation by the private sector," Ozga said. "In turn, the private sector appears ready, willing and able to continue to support the HMO movement."

In the process of phasing out the federal HMO program, he added, "We recommend

that federally qualified HMOs be allowed maximum flexibility in operating their plans."

He said that flexibility should include authority, which would be granted in another pending measure, to provide service to Medicare and Medicaid patients at rates which provide the HMO with a reasonable return and assure quality medical care to the elderly and poor in those programs.

In separate testimony to the Senate health subcommittee, Ozga said that the evidence suggests that the PSRO program's stated goals of curbing health-care costs have not been realized.

## Labor Strike Forces Sent to New York City

The Labor Department has begun to send teams of wage-enforcement officials to New York City to crack down on industries that allegedly are violating wage laws.

Strike-force teams have gone into the garment-industry section of the city, Labor Secretary Raymond Donovan said.

Citing increasing reports of violations of minimum-wage, overtime, record keeping and child-labor rules, Donovan pledged to "use full legal authority to protect workers from exploitation."

The Labor Department began using the enforcement teams in February 1979 in the Chinatown section of New York City. Other teams have been used in New Jersey, Miami, Los Angeles and Massachusetts.